

# SAN BRUNO

## Community Foundation

*Investment Committee*

Pak Lin, *Chair* • Anthony Clifford, Mark Hayes, Frank Hedley, and Supriya Perry, *Members*  
Leslie Hatamiya, *Executive Director*

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### **GOVERNOR'S EXECUTIVE ORDER N-25-20\*\*\*\* CORONAVIRUS COVID-19**

*On March 17, 2020, the Governor of California issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Pursuant to the CDC's social distancing guidelines which discourage large public gatherings, the Investment Committee of the San Bruno Community Foundation is now holding meetings via Zoom.*

*If you would like to make a Public Comment on an item not on the agenda, or comment on a particular agenda item, you may address the Council orally during the meeting, or you may email us at [info@sbcf.org](mailto:info@sbcf.org). The length of all emailed comments should be commensurate with the three minutes customarily allowed per speaker, which is approximately 300 words total. Emails received before the special or regular meeting start time will be forwarded to the Foundation Investment Committee, posted on the Foundation's website and will become part of the public record for that meeting. If emailed comments are received after the meeting start time, or after the meeting ends, they will be forwarded to the Foundation Investment Committee and filed with the agenda packet becoming part of the public record for that meeting.*

*Individuals who require special assistance of a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, agenda packet or other writings that may be distributed at the meeting, should contact Leslie Hatamiya, Executive Director, 48 hours prior to the meeting at (650) 763-0775 or by email at [info@sbcf.org](mailto:info@sbcf.org). Notification in advance of the meeting will enable the San Bruno Community Foundation to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.*

## **AGENDA**

### **SAN BRUNO COMMUNITY FOUNDATION**

#### **Regular Meeting of the Investment Committee**

**February 16, 2022**

**4:30 p.m.**

#### **Zoom Meeting Details:**

<https://us02web.zoom.us/j/83440347012?pwd=OThwYWYzOUxqVVFJaUZKTmxzU1hRQT09>

**Webinar ID:** 834 4034 7012

**Passcode:** 708242

**Dial-in:** (669) 900-6833

- 1. Call to Order**
- 2. Roll Call**
- 3. Public Comment:** Individuals are allowed three minutes. It is the Committee's policy to refer matters raised in this forum to staff for research and/or action where appropriate. The Brown Act prohibits the Committee from discussing or acting upon any matter not agendaized pursuant to State Law.

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4. **Approval of Minutes:** November 17, 2021, Regular Investment Committee Meeting
5. **Executive Director's Report**
6. **Conduct of Business**
  - a. Receive Report from Sand Hill Global Advisors, LLC (SHGA) regarding SHGA's Investment Outlook and SBCF's Investment Portfolio Performance
  - b. Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Recreation and Aquatics Center Project
7. **Committee Member Comments**
8. **Adjourn:** The next regular meeting of the Investment Committee will be held on Wednesday, May 18, 2022, at 4:30 p.m.

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### MINUTES

#### SAN BRUNO COMMUNITY FOUNDATION

#### Regular Meeting of the Investment Committee

**November 17, 2021**

**4:30 p.m.**

#### Meeting Conducted via Zoom

- 1. Call to Order:** Committee Chair Tim Ross called the meeting to order at 4:30 p.m.
- 2. Roll Call:** Committee Members Ross, Clifford, Hedley, and McGlothlin, present. Committee Member Hayes, excused.
- 3. Public Comment:** None.
- 4. Approval of Minutes:** August 18, 2021, Regular Investment Committee Meeting: Committee Member Clifford moved to approve the minutes of the August 18, 2021, Regular Meeting, seconded by Committee Chair Ross, passed by roll call vote (Committee Member Hedley abstained).
- 5. Executive Director's Report**

Executive Director Hatamiya began her report by recognizing two departing Investment Committee members, Tim Ross and John McGlothlin, who are retiring from the SBCF Board at the end of December.

Ms. Hatamiya noted that in addition to Mr. Ross and Mr. McGlothlin, two other Board members – Nancy Kraus and Emily Roberts – are also stepping down from the Board in December and that the San Bruno City Council has appointed four individuals – Pak Lin, Melissa Moreno, Supriya Perry, and Irving Torres – to four-year terms on the Board that commence on January 1, 2022. She introduced Ms. Lin, who she said the Board would likely elect Treasurer in December, to the Committee.

Ms. Hatamiya then gave an update on the Foundation's activities, first focusing on the Foundation's recent program highlights:

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- **Community Grants Fund:** The Foundation received 48 applications for Community Grants by the September 22 deadline. The applications are being evaluated by a review panel of community volunteers. The Board is to consider the panel's grant recommendations at the December 1 Board meeting; with a \$100,000 donation from Google.org/YouTube, the Foundation will award grants totaling \$300,000 this cycle.
- **Crestmoor Scholarship:** The 2022 program will launch the second week of December, with the opening of the application period. SBCF has again received a \$70,000 commitment from the Joseph W Welch Jr Foundation earmarked for the Crestmoor Scholarship, which means the Foundation will likely award \$190,000 in scholarships next spring.
- **Strategic Grants**
  - o **Recreation and Aquatics Center (RAC):** The SBCF Board will begin receiving quarterly updates at its Board meetings on the construction of the RAC from the City of San Bruno.
  - o **Tanforan Memorial:** At the Board's November 3 meeting, Doug Yamamoto and David Fielder of the Tanforan Assembly Center Memorial Committee (TACMC) updated the Board on the Memorial Project. Since its last report in June, TACMC has been finalizing all plans for construction and is awaiting final approval from BART regarding the construction permit. TACMC plans to host a grand opening event in the spring of 2022 to coincide with the 80th anniversary of the opening of the Tanforan Assembly Center in 1942.
  - o **First Responder Effectiveness Strategic Initiative/Mobile Command Vehicle (MCV):** Also on November 3, the Board received a report from San Bruno Police Chief Ryan Johansen and Fire Chief Ari Delay on the City's acquisition of an MCV, which was funded by a \$303,545 to the City of San Bruno and supported by donations from Google.org and Google and YouTube employees after the 2018 shooting at YouTube's headquarters. In addition, Chief Johansen recently gave a tour of the MCV to SBCF Board members.

Ms. Hatamiya then gave an update on the Board's approval of Strategic Plan 2.0 in September, after a thorough presentation from the Ad Hoc Committee on Strategic Planning Process. She noted that the plan affirms SBCF's existing program strategy and confirmed the investment strategy the Investment Committee discussed at the August meeting, to take effect once the RAC is fully paid out. In accordance with Strategic Plan 2.0, the Board created the Ad Hoc Committee on Program Development, which is charged with reviewing the community needs and program ideas identified in Community Listening Campaign 2.0, recommending to the Board priority areas for Strategic Grants, and assessing proposals and opportunities for Strategic Grants in the near- and mid-term.

Ms. Hatamiya also reported that Novogradac & Company prepared the FY2020-2021 audited financials, which were accepted by the Board in November, and issued a clean opinion. The Foundation submitted its state and federal tax returns by the November 15 deadline.

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She informed the Committee that Program Manager Lorin Lee decided to step down from her position in mid-December and that Stephanie Rutgers agreed to return on a temporary basis to help with the launch of the Crestmoor Scholarship until a new program manager is in place.

Ms. Hatamiya noted that the Foundation's 2021 Annual Report was mailed to all San Bruno addresses the first week of October.

Ms. Hatamiya explained the schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool, but noted that the schedule may be modified based on actual cash needs and updates on the Recreation and Aquatics Center project. Transfers from the Quasi-Endowment to Liquidity-Operating are scheduled as follows: (a) \$200,000 in December 2021, and (b) \$112,932 in May 2022. Transfers from the Strategic Pool to Liquidity-Operating to cover non-RAC cash needs are scheduled as follows: (a) \$500,000 was transferred in September 2021, (b) \$500,000 was scheduled for December 2021 but is being pushed out to the spring, and (c) other transfers to be scheduled if and when the Board approves other large strategic grants this fiscal year. She noted that transfers from Liquidity-RAC to Liquidity-Operating and from Strategic to Liquidity-Operating to cover RAC-related cash needed would be discussed later in the meeting.

Finally, Ms. Hatamiya reminded the Committee of its 2022 meeting dates, per the Committee's schedule: February 16, May 18, August 17, and November 16.

## **6. Conduct of Business**

- a. Receive Report from Sand Hill Global Advisors, LLC (SHGA) regarding SHGA's Investment Outlook and SBCF's Investment Portfolio Performance

SHGA Chief Executive Officer Brian Dombkowski and Senior Wealth Manager Kristin Sun represented SHGA at the meeting.

Mr. Dombkowski gave an overview of the firm's investment outlook, characterizing 2021 as a period of significant economic growth. He gave a summary of the firm's current economic forecast for the fourth quarter of 2021, commenting on economic growth, interest rates, the employment market, corporate earnings, international developed markets, emerging markets, inflation, commodity markets, valuation, and the housing market.

Ms. Sun reviewed the Foundation's Investment Dashboard for the third quarter of 2021, including September 30, 2021, balances of \$22,746,728 for the Quasi-Endowment, \$31,402,528 for the Strategic Pool, and \$24,464,813 for the Liquidity Pool (total of \$78,614,069 in all three accounts). She noted that the Foundation had a \$4.5 million withdrawal from the Liquidity account in October to disburse RAC grant payments, leaving a current portfolio balance of about \$75.6 million. She also reviewed the portfolio's fixed income exposure.

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At the end of Sand Hill's presentation, Mr. Dombkowski acknowledged retiring Board and Investment Committee Members Ross and McGlothlin.

- b. Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Recreation and Aquatic Center Project

Executive Director Hatamiya gave an update on cash needs related to the Recreation and Aquatic Center. She reviewed the Foundation's eight RAC grants totaling \$50 million, including payments already made (about \$10.6 million) and balance left to pay (about \$39.4 million).

Ms. Hatamiya reported that she recently received an updated RAC cash flow timeline from the City. She noted that the current cash flow timeline estimates that SBCF will need to make RAC grant payments totaling approximately \$18.8 million in fiscal year 2021-2022, \$21.6 million in fiscal year 2022-2023, and \$3.7 million in fiscal year 2023-2024. She said she did not expect to request any additional transfers from Strategic to Liquidity-Operating for RAC purposes this fiscal year, as carry-forward funds from the previous fiscal year and funds in Liquidity-RAC would comfortably cover all RAC-related cash needs.

**7. Committee Member Comments:** Committee Member Hedley commended Chair Ross and Committee Member McGlothlin for their service on the SBCF Board and Investment Committee.

**8. Adjourn:** Committee Member Hedley moved to adjourn the meeting at 5:43 p.m., seconded by Committee Member Clifford, approved unanimously.

Respectfully submitted for approval at the Regular Investment Committee Meeting of February 16, 2022, by Investment Committee Chair Pak Lin.

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Pak Lin, Investment Committee Chair

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### Memorandum

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**DATE:** February 11, 2022

**TO:** Investment Committee, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** February 16, 2022, Investment Committee Special Meeting

The Investment Committee of the San Bruno Community Foundation will hold its regular quarterly meeting at 4:30 p.m. on Wednesday, February 16, 2022, via Zoom.

#### **1. Executive Director's Report**

At each meeting, I will report on any follow-up items from the last Committee meeting as well as provide updates on the Foundation's programs and operations. Key items I will report on at the February 16 meeting include:

- Program highlights and updates on the Community Grants Fund, the Crestmoor Neighborhood Memorial Scholarship program, and strategic grant initiatives, including the San Bruno Recreation and Aquatic Center (RAC).
- Schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool account for FY2021-2022 to cover the Foundation's cash needs through June 30, 2022, consistent with the FY2021-2022 budget passed by the Foundation Board in June 2021.
- A reminder of upcoming 2022 Investment Committee meetings, all at 4:30 p.m.: May 18, August 17, and November 16, 2022.

#### **2. Report from Sand Hill Global Advisors (SHGA) Regarding SHGA's Investment Outlook and SBCF's Investment Performance**

Representing SHGA at the Committee meeting will be CEO Brian Dombkowski, Senior Portfolio Manager Meghan DeGroot Daters, and Senior Wealth Manager Kristin Sun. The SHGA team will give a presentation to the Committee that will cover (a) SHGA's investment outlook, and (b) the performance of the Foundation's investment portfolio.

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### Memorandum

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#### a. SHGA's Investment Outlook

In this portion of the presentation, the SHGA team will provide an overview of SHGA's current economic forecast, particularly for the first quarter of 2022, including the firm's perspective on economic growth, interest rates, employment market, corporate earnings, international market, housing market, inflation, commodity markets, and valuation.

#### b. SBCF's Investment Performance

The second part of SHGA's presentation will review the performance of the Foundation's investment portfolio for the fourth quarter of 2021 (second quarter of the fiscal year). The SHGA team will walk the Committee through the attached Investment Dashboard for December 31, 2021, a one-page summary of the Foundation's portfolio. At the meeting, the SHGA team will also provide more detailed and up-to-date information about the Foundation's investment holdings, including performance data of underlying funds.

### **3. Discussion Regarding Future Cash Flow Strategies Related to Funding of Recreation and Aquatics Center Project**

Although the overall cash flow timeline for the Recreation and Aquatics Center project has not changed significantly since the Committee's last meeting, the Committee will have the opportunity to discuss future cash flow strategies related to the project and provide direction, as appropriate, under the second business item on February 16.

#### Attachments:

1. SBCF Investment Dashboard, as of December 31, 2021



# The San Bruno Community Foundation Investment Dashboard

As of December 31, 2021

## Current Outlook:

**Economic Environment:** As the year commences, economic growth is expected to remain robust as the global economy reopens, supply chain bottlenecks ease and the job market continues to recover. However, this growth path is highly dependent on improvements in global virus conditions. While this seems likely with the dominant Omicron variant leading to fewer hospitalizations, a healthy degree of uncertainty still exists. Price inflation has broadened beyond supply-chain driven categories and the Federal Reserve has acknowledged that inflation may be less “transitory” than initially anticipated. Nevertheless, U.S. consumers, as well as corporate profitability, are incredibly healthy and, thus far, have demonstrated an ability to sustain a high level of demand even in the face of higher prices. By the late-Spring of this year we should have a much better sense of the true level of inflation as we begin to overlap the supply-chain driven price increases of 2021. Current economic growth projections call for another year of 5% growth in 2022 before trends begin to normalize in 2023 and eventually end around the long-term average of 2% by 2024. This progression will be dependent on the path of the pandemic as well as the economy’s ability to manage through a period of inflation. It is likely that we will experience periods of uneven economic growth, similar to what we experienced in 2021.

**Market Environment:** Market volatility was elevated during the final quarter of the year as financial markets reacted to news of the Omicron variant, the Federal Reserve's decision to speed up the pace its previously telegraphed asset tapering, and the Federal Reserve's decision to move away from "transitory" as a descriptor for inflation. Despite this volatility, the S&P 500 generated a double-digit return. Other parts of the equity market, with the exception of emerging markets, were also positive. Bonds were flat, commodities declined slightly and REITs were up an impressive 15%.

Performance		Quasi-Endowment Pool	Custom Blended Benchmark	+ / -	Strategic Pool	Custom Blended Benchmark	+ / -
Quarterly	Q4 2021	4.58%	4.55%	0.03%	1.81%	1.69%	0.12%
	Q3 2021	-0.74%	-0.41%	-0.33%	-0.08%	-0.13%	0.05%
	Q2 2021	5.35%	5.16%	0.19%	3.08%	2.86%	0.22%
	Q1 2021	3.52%	3.03%	0.49%	-0.37%	-1.00%	0.63%
Annual	2021	13.21%	12.81%	0.40%	4.47%	3.42%	1.05%
	ITD	9.98%	9.93%	0.05%	4.84%	5.04%	-0.20%

Quasi-Endowment Pool Portfolio Action	Increased	Decreased	Growth/Capital Preservation
Q4 2021	Maintained an Overweight to Risk Assets		64/36
Q3 2021	Shifted into Commodities		64/36
	Commodities	Large Cap Stocks	
Q2 2021	Shifted Into Market Neutral		64/36
	Market Neutral	Fixed Income	

Asset Allocation	Quasi-Endowment Pool	31-Dec-21	Strategic Target	Strategic Pool	31-Dec-21	Strategic Target
Large Cap Equity	\$8,196,653	35%	30%	\$3,331,105	10%	9%
SMID Cap Equity	\$2,523,994	11%	9%	\$1,215,400	4%	3%
International/EM Equity	\$3,073,585	13%	13%	\$1,516,510	5%	4%
Fixed Income	\$6,328,449	27%	30%	\$21,092,919	66%	70%
Real Assets	\$1,669,719	7%	8%	\$1,522,499	5%	4%
Market Neutral	\$1,478,204	6%	8%	\$2,884,724	9%	8%
Cash	\$316,655	1%	2%	\$407,216	1%	2%
<b>Total</b>	<b>\$23,587,258</b>	<b>100%</b>	<b>100%</b>	<b>\$31,970,373</b>	<b>100%</b>	<b>100%</b>

Balances	Quasi-Endowment	Strategic	Liquidity	Total
Q4 2021	\$23,587,258	\$31,970,373	\$19,688,073	<b>\$75,245,703</b>
Q3 2021	\$22,746,728	\$31,402,528	\$24,464,813	<b>\$78,614,069</b>
Q2 2021	\$22,915,741	\$31,922,419	\$24,351,470	<b>\$79,189,630</b>
Q1 2021	\$21,906,395	\$30,965,943	\$24,739,788	<b>\$77,612,125</b>

Withdrawals	Quasi-Endowment	Strategic	Liquidity	Total
Q4 2021	-\$200,000	\$0	-\$4,728,000	<b>-\$4,928,000</b>

Illiquidity as of 12/31/21	< 1 Yr	1-3 Yrs	> 3 Yr	Total
Quasi-Endowment Pool	0.00%	0.00%	0.00%	0.00%

Governance Checklist	OK
Asset allocation within target range: All weights are in compliance.	✓
No direct investments in any equity or debt securities of Pacific Gas & Electric.	✓
No individual equity securities (stocks) will be held in any direct account.	✓
No below investment grade allocation > 5% of portfolio value.	✓
With the exception of U.S. government securities, no more than 5% at cost of the portfolio may be invested in the securities of a single issuer.	✓
Quasi-Endowment Pool can maintain up to 10% illiquidity.	✓

